GOVERNMENT OF UTTAR PEADESH
FINANCE DEPARTMENT
LUCKNOW

No. -- 2/2023/B-4/417/X-10(28)/94
Lucknow :Dated: 31 December, 2022

AMENDMENT TO
THE SCHEME FORCONSTITUTIONANDADMINISTRATION
OF THE GUARANTEE REDEMPTION FUND
OF
THE GOVERNMENT OFUTTAR PRADESH**.**

The existing provisions of the The Scheme for Constitution and Administration of the Guarantee Redemption Fund of the Government of Uttar Pradesh notified vide Finance department's Notification No. No.1/2021/B-4- 46 -2021/X-10(28)/94 dated29 January, 2021 are, hereby, amended as follows:-

Provision	Existing Provision	Proposed Amendment
3	The Fund shall be utilized for meeting the payment obligations arising out of the guarantees issued by the Government in respect of bonds issued and other borrowings by the State Level Undertakings or other bodies and invoked by the beneficiaries. Explanation (a) The accumulations in the Fund will be utilized only towards the payment of the guarantees issued by the Government and invoked by the beneficiary and not paid by the institution on whose behalf guarantee was issued Provided that the net incremental annual investment of the State (i.e. outstanding balance over and above the level in the corresponding period of the previous year) shall be eligible for availing Special Ways & Means Advances (Special WMA) from the reserve Bank of India	The Fund shall be utilized for meeting thepayment obligationsarisingoutoftheguaranteesissuedbythe Government in respect of bonds issued and other borrowings by the State Level Undertakings or other bodies and invoked by the beneficiaries. Explanation (a) The accumulations in the Fund will be utilized only towards the payment of the guarantees issued by the Government and invoked by the beneficiary and not paid by the institution on whose behalf guarantee wasissued **Provided that the net incremental annual investment of States (i.e. outstanding balance over and above the level in the corresponding period of the previous year) shall be eligible for availing Special Drawing Facility (SDF) from the Reserve Bank of India (hereinafter referred to as the Bank).**

1- यह शासनादेश इलेक्ट्रानिकली जारी किया गया है, अत: इस पर हस्ताक्षर की आवश्यकता नही है ।
2- इस शासनादेश की प्रमाणिकता वेब साइट http://shasanadesh.up.gov.in से सत्यापित की जा सकती है ।

Provision	Existing Provision	Proposed Amendment
	(hereinafter referred to as the Bank) such that the availment of Special WMA under this provision does not exceed the normal WMA limit fixed by the Bank.	
5	(a) The Fund shall be set up by the Government with an initial contribution as to be decided by the State Government. The balance in the Fund shall be increased with contributions made annually or at lesser intervals, so as to reach the level deemed sufficient to meet the amount of anticipated guarantee devolving on the Government as a result of the likely invocation of outstanding guarantees in the succeeding five years (b) During each year, the Government shall contribute an amount equivalent to at least 1/5th of the outstanding invoked guarantees plus an amount of guarantees likely to be invoked as a result of the incremental guarantees issued during the year. (c) It is open to the Government to increase the contributions to the Fund at its discretion. In order to enable transfer of the total amount of contribution to the Fund, the Government would make suitable Budget provision under the head "2075- Miscellaneous General Services-797-Transfer to/from reserve funds and Deposit Accounts-03-Transfer to Guarantee Redemption Fund".	**(a) The Fund shall be set up by the Government with an initial contribution of minimumone per cent of outstanding guarantees at the end of the previous year and thereafter minimum 0.5 per cent every year to achieve a minimum level of 3 per cent in next five years. The Fund shall be gradually increased to a desirable level of 5 per cent. If guarantees have been invoked or are likely to be invoked, additional Funds (over and above 5%) shall be maintained.** (b) It is open to the Government to increase the contributions to the Fund **(beyond 0.5 per cent annual) at its discretion and also based on its assessment of likely invocation of guarantees. The balance in the Fund shall be increased with contribution made annually or at lesser intervals**. (c) In order to enable transfer of the total amount of contribution to the Fund, the Government would make suitable Budget provision under the head "2075- Miscellaneous General Services-797-Transfer to/from reserve funds and Deposit Accounts-03-Transfer to GuaranteeRedemption Fund".

1- यह शासनादेश इलेक्ट्रानिकली जारी किया गया है, अत: इस पर हस्ताक्षर की आवश्यकता नही है ।
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Provision	Existing Provision	Proposed Amendment
8	The accretions to the Fund shall be invested in Government of India securities of such maturities as the Bank may determine from time to time in consultation with the Government. The Bank shall make available securities for investment either from its own investment portfolio or by acquiring the securities from the secondary market, without loading any charge other than that indicated in paragraph 11.	The accretions to the Fund shall be invested in Government of India **dated** securities,**Treasury Bills, Special Securities of the GoI and State Development Loans of other States** of such maturities as the Bank may determine from time to time in consultation with the Government. The Bank shall make available securities for investment either from its own investment portfolio or by acquiring the securities from the secondary market, without loading any charge other than that indicated in paragraph 11.
9(f)	The receipt on account of maturity or sale of the securities would be taken to the account of the "Guarantees Redemption Fund". The incidental charges on sale would be charged on the Fund.	The receipt on account of maturity or sale of the securities would be taken to the account of the "Guarantees Redemption Fund **Investment Account**". The incidental charges on sale would be charged on theFund
9(i)	The Government will pay the Bank, a commission at the rate determined by RBI in consultation with the Government. These charges shall also be borne by the Fund as in the case of the charges indicated in paras 9 and 11. The loss or gain on the sale of securities shall also be taken to the Account of the Fund.	The Government will pay the Bank, a commission at the rate determined by RBI in consultation with the Government. These charges shall also be borne by the Fund as in the case of the charges indicated in paras **9(c) and 9(f)**. The loss or gain on the sale of securities shall also be taken to the Account of theFund.
10(d)	The withdrawals may be made from out of the balance accumulated in the Fund up to the date towards the redemption of the guarantees invoked and to be paid by the Government, as per its directions.	The withdrawals may be made from out of the balance accumulated in the Fund up to the date towards the redemption of the guarantees invoked and to be paid by the Government, as per its directions **or Government shall have the option to withdraw excess fund over 5 per cent of outstanding guarantees of the previous year**

Prashant Trivedi
Additional Chief Secretary
Finance Deptt.

1- यह शासनादेश इलेक्ट्रानिकली जारी किया गया है, अत: इस पर हस्ताक्षर की आवश्यकता नही है ।

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